

Message Text

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ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05

CIEP-01 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01

L-03 H-02 PA-01 PRS-01 /094 W
----- 071490

P R 011706Z SEP 76

FM AMEMBASSY PARIS

TO DEPARTMENT OF TREASURY PRIORITY

INFO SECSTATE WASHDC 4526

AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

LIMITED OFFICIAL USE SECTION 01 OF 02 PARIS 25426

PASS TO OASIA FOR SYVRUD, COMMERCE, FEDERAL RESERVE

E. O. 11652: N/A

TAGS: EFIN, FR

SUBJECT: SEVENTH FRENCH ECONOMIC PLAN

1. THE MAIN QUANTITATIVE GOALS AND ASSUMPTIONS OF THE 1976-80 GOF ECONOMIC PLAN ARE PRESENTED IN COLUMN III OF EACH OF THE FOLLOWING TABLES, BASED UPON RECENTLY OBTAINED PLANNING COMMISSION WORKING DOCUMENTS. AS INDICATED BY COLUMN HEADINGS, THE 1976-80 GOALS ARE COMPARED TO THOSE OF THE PREVIOUS PLAN AND/OR TO TO ACTUAL ACHIEVEMENTS FOR PREVIOUS YEARS. EXCEPT WHERE STATED OTHERWISE, ALL FIGURES ARE STATED IN TERMS OF AVERAGE ANNUAL PERCENTAGE INCREASES OVER THE FIVE-YEAR PLANNING PERIODS.

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2. MAJOR GOALS OF THE SEVENTH PLAN

	1971-75	1971-75	1976-80
	PLAN	ACTUAL	PLAN

TOTAL GIP	5.9	3.6	5.7
INDUSTRIAL PRODUCTION	7.5	---	7.2
PRODUCTIVITY			
(A) TOTAL NON-AGRICULTURAL	5.4	5.1	5.1
(B) INDUSTRY	7.0	5.8	6.3
(C) AGRICULTURE AND FOOD			
PROCESSING	---	4.5	6.8
PRICES (GIP DEFLATOR	3.2	8.4	7.5
INVESTMENT (GROSS DOMESTIC)	---	3.6	5.9
CONSUMPTION (TOTAL)	5.4	5.0	4.1
EMPLOYMENT (ANNUAL GROWTH			
IN NUMBER OF JOBS)	0.9	0.3	1.2
EXTERNAL SECTOR			
(A) IMPORTS	9.8	6.9	10.1
(B) EXPORTS AND NET SERVICES	10.3	8.2	10.2

1971-74

1974-80

6.0 BY 1980

3. SOURCES & USES OF FRENCH GNP 1965-1980

	1965-70	1970-75	1975-80
	ACTUAL	ACTUAL	PLAN

SOURCES

GROSS INTERNAL PRODUCT	5.9	3.6	5.7
IMPORTS	12.4	6.9	10.1

USES

CONSUMPTION

--HOUSEHOLD	4.9	5.1	4.2
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CIEP-01 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

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--GOVERNMENT	4.0	3.0	3.2
INVESTMENT			
--PRODUCTIVE	8.4	3.4	7.5
--HOUSING	5.5	3.4	2.5
--GOVERNMENT	7.2	4.3	4.5
EXPORTS PLUS NET SERVICES	11.4	8.2	10.2

4. DISTRIBUTION OF INCOMES ARISING FROM GIP
(AS A PERCENT OF GIP EXCLUDING INVENTORY APPRECIATION)

	1970	1975	1980
SALARIES	46.0	50.2	49.4
CORPORATE SAVINGS	12.3	6.8	12.9
GROSS INCOME OF INDIVIDUAL			
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ENTERPRISES	16.8	16.7	13.0
TAXES (NET OF SUBSIDIES)	16.4	15.6	14.7
MISCELLANEOUS (INTEREST)	8.5	10.7	10.0

5. A FULLER ANALYSIS OF THE SEVENTH PLAN AND ITS LIKELY
ROLE FOLLOWS BY AIRGRAM (PARIS A-369). OUR OVERALL
CONCLUSION, HOWEVER, IS THAT--ASSUMING A REASONABLY
FAVORABLE INTERNATIONAL SITUATION--THE PLAN IS LIKELY
TO BE OF AT LEAST MODERATE USE IN PREDICTING FRENCH
ECONOMIC POLICY AND PERFORMANCE. ALTHOUGH THE 1976-80

PLAN IS A RATHER AMBITIOUS, OPTIMISTIC DOCUMENT, IT IS SLIGHTLY LESS SO THAN PREVIOUS PLANS AND ITS MAIN GOALS ARE VERY MUCH IN KEEPING WITH FRANCE'S ACTUAL ECONOMIC ACHIEVEMENTS DURING PRIOR PLANNING PERIODS UP TO BUT EXCLUDING THE 1974-75 RECESSION/INFLATION. IF ONE MAKES MODERATELY OPTIMISTIC ASSUMPTIONS ABOUT THE EXTERNAL ECONOMIC ENVIRONMENT AND ABOUT THE EVOLUTION OF FRENCH DOMESTIC POLITICS, THEREFORE, MANY OF THE PLAN'S GOALS MAY IN FACT BE WITHIN REACH--OR NEARLY SO. IF WE HAD TO BET, HOWEVER, WE WOULD PLACE OUR MONEY ON A GROWTH RATE FAIRLY NEAR THE PLAN'S PROJECTION, A SOMEWHAT HIGHER INFLATION RATE, MODERATELY GREATER UNEMPLOYMENT, AND A MORE PRECARIOUS BALANCE OF TRADE/BALANCE OF PAYMENTS THAN THE ONE PROJECTED.

RUSH

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